

## **Support Property Administration**

### **References:**

#### **FAR Part 45 Government Property**

#### **FAR 52.245-1 -- Government Property**

#### **FAR Part 42.202, Assignment of Contract Administration**

**Purpose.** The purpose of this document is to provide guidance to property personnel on requesting and accepting Support Property Administration (SPA) for both contractors and alternate sites of the prime contractor.

### **BACKGROUND**

The contractor is responsible and accountable for all Government property in the possession of subcontractors or at its alternate locations. This responsibility includes a contractual obligation to periodically perform reviews to determine the adequacy of the subcontractor's property management system. When property is located at a contractor's alternate site, the contractor's self assessment program should include periodic reviews and audits necessary to assess the effectiveness of the alternate site's property management system. In some very limited instances, DCMA may perform specific property administration functions at a subcontractor or alternate site. SPA is when a Property Administrator (PA), other than the prime PA, performs property administration functions at a subcontractor or an alternate site. The prime PA is responsible for determining the necessity, type and scope of SPA.

### **SUPPORT PROPERTY ADMINISTRATION CRITERIA**

#### **SUBCONTRACTORS**

The prime PA will not normally request SPA at a subcontractor's premises unless

- The Government otherwise would incur undue cost;
- Successful completion of the prime contract is threatened; or
- It is authorized under [FAR 42.202\(f\)](#).

If the prime contractor has deficiencies in the process of subcontractor control, the PA shall determine if the value and criticality of the property at the subcontractor's locations increases the Government's risk of incurring undue cost or threaten successful completion of the prime contract sufficiently to justify obtaining assistance from a supporting PA. If SPA is requested because the prime contractor is inadequate for subcontractor control, the SPA delegation

should be of limited duration, to be terminated when the prime PAs subcontractor control process is corrected.

The prime is contractually obligated to manage its subcontracts. Accordingly, SPA will not be requested except in the circumstances identified above. In no event will SPA be delegated solely on the basis of a contractor's request.

## **ALTERNATE SITES**

The prime PA may request SPA at a contractor's alternate site if, in his/her judgment, the prime contractor's periodic internal reviews and audits of that facility are not adequate to protect the Government's interest. Among the factors to be considered when considering SPA is whether DCMA is already performing property administration at the contractor's alternate site. If so, accepting SPA may not significantly increase the supporting PA's workload.

## **PRIME PA's RESPONSIBILITIES:**

The prime PA has the responsibility for determining whether and when SPA will be in the Government's best interests.

When the prime PA determines that SPA for a subcontractor is appropriate, he/she will ascertain whether the prime contractor will accept the findings of an SPA. This is necessary because the Government does not have a contractual relationship with the subcontractor. It is the prime contractor that has a contractual relationship, known as privity of contract, with the subcontractor. Therefore, the PA must have the permission of the prime contractor before a supporting PA may be allowed to enter a subcontractor's facility to perform surveillance. Such permission and the agreement to accept the findings of the supporting PA must be in writing.

However, if a subcontractor has prime contracts administered by DCMA, the prime PA may request the supporting PA provide a copy of the subcontractor's PMSA results. In this, way the prime PA may ascertain the overall status of the subcontractor's property management system. If such a request for occasional assistance makes the prime PA aware of deficiencies in the subcontractor's property management system, he/she shall determine whether the prime contractor knew of the deficiencies and whether corrective actions were implemented.

The prime contractor's permission is not needed to request SPA if Government property is at the contractor's alternate locations because the contractual relationship between the Government and the contractor extends to all the contractor's alternate locations.

Since the contractor's contract costs or prices are normally based on direct charges or overhead rates that include the cost of performing surveillance of subcontractors, the PA shall coordinate with the ACO before requesting SPA. The CO may determine that consideration should be sought depending upon the amount of overhead costs the contractor will save by having the Government perform the contractor's required surveillance of his subcontractors.

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Using the Property Support Delegation Request at the above hyperlink or on the P drive, the prime PA will prepare a request for SPA and forward it to the PA assigned to the subcontractor or alternate site. If there is no PA assigned, the request will be forwarded to the Team Leader for the Property Division team responsible for the geographic area where the subcontractor or alternate site is located.

The request for SPA shall include the following minimum information and documentation:

1. The name and address of the prime contractor.
2. The prime contract number
3. The name and address of the alternate site or subcontractor that will have possession of the property.
4. A copy of the subcontract, purchase order, interorganizational transfer (IOT), interdivisional work authorization (IDWA), assist work authorization (AWA) or other document to which the property is accountable at the alternate site or subcontractor. Note that it is not necessary to forward a copy of the prime contract to which the property is accountable.
5. A list of property to be furnished and/or a statement as to whether property will be acquired at the alternate site or by the subcontractor.
6. The specific extent of support required such as:
  - a. Extent of PMSA to be performed.
  - b. Prompt notification to the prime PA and investigation of property loss
  - c. Forwarding copies of all system summary reports and risk assessments.

- d. Identifying any required special emphasis surveillance.
- e. Any limits on the delegation; e.g., limiting the SPA's responsibility in cases of property loss.

The prime PA shall maintain a file of all outgoing delegations that is to be made part of the Property Administration file. As a minimum, the SPA file should consist of:

1. The prime contractor's written consent to SPA and agreement to accept the findings of the SPA.
2. Documentation of coordination with CO.
3. A copy of the original SPA request.
4. Support documentation pertinent to the original request.
5. The Support Property Administrator's acceptance of the delegation.
6. The system summary reports and risk assessments for the subcontractor or alternate site.

The prime PA shall:

- Acknowledge receipt of the supporting PA's findings/PMSA.
- Accept the findings of the delegated supporting PA and advise the prime contractor of the results of property management reviews, including deficiencies found with the subcontractor's or alternate site's property management system. The prime PA shall incorporate the findings of the delegated supporting PA when reviewing the prime contractor's subcontractor control processes. The prime contractor's actions in response to any deficiencies identified at their subcontractor or alternate site will be among the factors considered in determining the adequacy of the prime contractor's subcontractor control.

Prime PAs shall review all SPA delegations during the preparation for a system analysis for changes, additions, or deletions.

### **SUPPORTING PA's RESPONSIBILITIES:**

Using the Property Support Delegation Request, supporting PAs shall promptly accept requests for SPA. If a supporting PA receives a request that he/she believes will give them an excessive workload they should bring it to the attention of their supervisor. If the request is not complete, the supporting PA shall request clarification and inclusion of pertinent documents from the prime PA in

the most expeditious manner possible before accepting the assignment.

The supporting PA shall provide prime PAs copies of system summary reports and risk assessment narratives and notify them by 30 October each year of the PMSA schedule for the delegated subcontractor or alternate site.